

EXHIBIT “A”

SO ORDERED.



Dated: January 29, 2008

Charles G. Case, II

CHARLES G. CASE, II
U.S. Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re

PORTELLA MANUFACTURING
L.L.C.,

Debtor.

Chapter 11

Case No. 2:07-bk-05055-CGC

**ORDER APPROVING SALE OF
PERSONAL PROPERTY FREE AND
CLEAR OF LIENS, CLAIMS AND
INTERESTS PURSUANT TO 11 U.S.C.
§ 363 AND GRANTING RELATED
RELIEF**

(Relates to Docket Nos. 66 and 67)

Hearing Date: January 9, 2008

Hearing Time: 2:30 p.m.

THIS MATTER COMES BEFORE THE COURT pursuant to the *Motion to Authorize Debtor to Sell Certain Assets Free and Clear of Liens, Claims and Interests* (the "Sale Motion") filed on December 20, 2007 [Docket No. 66] by PORTELLA MANUFACTURING L.L.C. ("Debtor"), debtor and debtor in possession in the above-captioned Chapter 11 case (the "Bankruptcy Case"). Pursuant to the Sale Motion, the Debtor asks the Court to approve the sale of substantially all tangible assets of the Debtor

1 (as more fully set forth on Exhibit A attached hereto, the "Assets"), free and clear of all
2 liens, claims, interests, and encumbrances pursuant to 11 U.S.C. § 363, to Great American
3 Group ("Buyer") for \$805,000 pursuant to the terms of the December 7, 2007 Auction
4 Proposal Letter attached hereto as Exhibit B, subject to higher and better bids. The Assets
5 are located within the Debtor's manufacturing facility at 21430 N. 15th Lane, Suite 120,
6 Phoenix, Arizona 85027 (the "Facility"). On December 20, 2007, the Debtor filed the
7 *Notice of Filing Notice of Motion for Order Authorizing Debtor to Sell Certain Assets*
8 *Free and Clear of Liens, Claims, and Interests* (Docket No. 67) (the "Sale Notice") and
9 the *Notice of Hearing on Debtor's Motion for Order Authorizing Debtor to Sell Certain*
10 *Assets Free and Clear of Liens, Claims and Interests* (Docket No. 68) (the "Hearing
11 Notice").

12 On December 20, 2007, the Sale Motion, Sale Notice, and Hearing Notice were
13 served upon (i) the Office of the United States Trustee; (ii) all parties known or believed
14 by the Debtor to assert liens, claims, rights, interests, or encumbrances in the Assets,
15 including, but not limited to, Stearns Bank Arizona, NA ("Bank") and COP-Deer Valley,
16 LLC ("Landlord"); (iii) all applicable taxing authorities; (iv) those persons who have
17 requested notice pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure; and
18 (v) all creditors on the Debtor's Master Mailing List. A *Limited Objection to Motion for*
19 *Order Authorizing Debtor to Sell Certain Assets Free and Clear of Liens, Claims and*
20 *Interests* was filed by Premiere Hardwoods (Docket No. 70) on December 27, 2007. No
21 other objections to the Sale Motion were filed.

22 The Court held a duly noticed hearing on the Sale Motion on January 9, 2008 (the
23 "Sale Hearing"), at which time the Court solicited higher and better bids for the Assets.
24 The respective counsel for the Debtor, Buyer, Bank, Landlord, and Premiere Hardwoods
25 (collectively, the "Parties") all appeared and were heard with respect to the Sale Motion.
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1 Based on all of the foregoing, including the record of the Sale Hearing, and all germane
2 matters of record in the Bankruptcy Case, with respect to the Sale Motion,

3 THE COURT FINDS AND CONCLUDES as follows:

4 A. All parties in interest (including, without limitation, all entities asserting any
5 liens, claims, rights, encumbrances or interests in the Assets) received due and sufficient
6 notice of the Sale Hearing and the Sale Motion, and all of the relief requested therein,
7 within the meaning of 11 U.S.C. §102. Without limiting the foregoing, a full, fair and
8 reasonable opportunity was afforded to any person or entity to make a higher or otherwise
9 better offer to purchase the Assets than the offer submitted by Buyer.

10 B. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and
11 1334.

12 C. The statutory basis for the relief requested is 11 U.S.C. §§ 363 and 365.

13 D. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

14 E. This matter is a "core" proceeding pursuant to 28 U.S.C. §157(b)(2).

15 F. During the Sale Hearing, the highest and best offer for the Assets, as
16 accepted by the Debtor and approved by the Court, was submitted by Buyer in the amount
17 of \$805,000 (the "Purchase Price"). No other person or entity appeared or bid on the
18 Assets. The Purchase Price represents the highest and best price for the Assets.

19 G. Bank has consented to the sale of the Assets to Buyer, on the terms and
20 conditions stated in the Auction Proposal Letter and this Order provided that Bank's first
21 priority lien on and security interests in the Assets attach to the net sale proceeds.

22 H. The sale of the Assets on the terms and conditions stated in the Auction
23 Proposal Letter, on the record during the Sale Hearing, and as set forth in this Order, is in
24 the best interests of the Debtor and the Debtor's Chapter 11 estate, and represents the
25 sound exercise of the Debtor's business judgment. The Debtor has demonstrated
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1 compelling circumstances to sell the Assets outside of a plan of reorganization pursuant to
2 11 U.S.C. §§ 363(b) and (f).

3 I. One or more of the requirements of 11 U.S.C. §363(f) have been met, such
4 that the Assets may be sold by the Debtor free and clear of any and all liens, claims (as
5 defined in 11 U.S.C. §101(5)), security interests, encumbrances, and interests of every
6 kind and nature.

7 J. The negotiation and sale of the Assets were conducted at arm's length and
8 in good faith; and, the Buyer shall be deemed a good faith purchaser entitled to all of the
9 protections afforded under 11 U.S.C. §363(m). There have been no assertions that would
10 implicate the provisions of 11 U.S.C. §363(n).

11 K. The Buyer is not a mere continuation of the Debtor, there is not a substantial
12 continuity between the Buyer and the Debtor, and there is no continuity of enterprise
13 between the Buyer and the Debtor. No common identity of officers, directors, or
14 stockholders exists between the Buyer and the Debtor. The Buyer does not constitute a
15 successor to the Debtor or its estate and the sale of the Assets to the Buyer does not
16 amount to a consolidation, merger or *de facto* merger of the Buyer and the Debtor.

17 L. The Buyer is not purchasing all of the Debtor's assets but only those Assets
18 identified in, and subject to the terms of, the Auction Proposal Letter and this Order. The
19 Buyer is not assuming any liabilities or obligations of the Debtor.

20 M. The Debtor has full corporate power and authority to sell the Assets and to
21 execute and deliver all documents necessary or required by the Buyer to effectuate the
22 sale of the Assets to Buyer, and no other consents or approvals are required for the Debtor
23 to consummate the transactions contemplated by the Auction Proposal Letter and this
24 Order. Based on all of the foregoing, and good cause appearing therefore,
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1 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

2 1. The Sale Motion is granted as provided herein. All objections to the Sale
3 Motion or the relief requested therein have been withdrawn, waived or settled as
4 announced to the Court at the Sale Hearing and as contained in this Order.

5 2. The sale of the Assets to Buyer on the terms and conditions stated in the
6 Auction Proposal Letter, on the record during the Sale Hearing, and in this Order, is
7 hereby approved.

8 3. Without limiting the foregoing, the Debtor shall be and hereby is authorized
9 and directed to sell the Assets to Buyer free and clear of all liens, claims (as defined in 11
10 U.S.C. §101(5)), encumbrances, and interests of every kind and nature pursuant to 11
11 U.S.C. §§ 363(b) and (f) in accordance with the terms of this Order, with all such liens,
12 claims, encumbrances, and interests to attach to the proceeds from the sale of the Assets to
13 the same extent, validity, and priority, as such liens, claims, encumbrances, and interests
14 attached to the Assets.

15 4. As of the Petition Date, the Debtor was a Tenant under a Lease with the
16 Landlord's predecessor dated January 10, 2006 (the "Lease"), relating to the Debtor's use
17 and occupancy of the Facility. Under the Lease, the Debtor currently is required to make
18 monthly payments of rent and other charges in the aggregate amount of \$27,322.82.
19 Pursuant to 11 U.S.C. § 365(d)(4), the Debtor's current deadline to assume or reject the
20 Lease is January 29, 2008 (the "Rejection Date"). Based on the Landlord's consent, the
21 Rejection Date is extended as follows: (a) to February 1, 2008, provided that the Landlord
22 receives the sum of \$21,858.26 within two (2) business days following the entry of this
23 Order, and (b) to February 29, 2008, provided that the Landlord receives an additional
24 \$21,858.26 on or before February 1, 2008. The Lease will be deemed rejected as of
25 March 1, 2008. Pursuant to the Landlord's consent, any "use" clause or restriction in the
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1 Lease is deemed amended by this Order to allow the Buyer to conduct a liquidation sale of
2 the Assets at the Facility, which shall be conducted on or before February 22, 2008.
3 Buyer will conduct the liquidation sale in a manner that does not interfere with the normal
4 use and occupancy, by Landlord's other tenants, of premises adjacent to or in the vicinity
5 of the Facility. Buyer shall be authorized to use the name "Portella Manufacturing" when
6 advertising and conducting the liquidation sale.

7 5. From and after the date of this Order, Debtor shall provide Buyer with
8 unlimited access to the Facility through February 29, 2008 for the purposes of conducting
9 a liquidation sale of the Assets, including preparing for same and allowing the inspection
10 of the Assets by prospective bidders, and removing the Assets from the Facility. The
11 Debtor and the Buyer shall provide the Landlord and its agents reasonable access to the
12 Facility during regular business hours, prior to March 1, 2008, in order to allow the
13 Landlord to attempt to re-let the Facility immediately following the rejection of the Lease.
14 Buyer has agreed to pay: (a) \$43,716.52 of the Purchase Price (the "Rent Payment") to the
15 Landlord, for the benefit of the Debtor, as follows: \$21,858.26 within two (2) business
16 days following the entry of this Order, and \$21,858.26 on or before February 1, 2008, in
17 order to satisfy the Debtor's rental obligations to the Landlord under the terms of this
18 Order; and (b) an additional \$16,134.86 of the Purchase Price to APS, for the benefit of
19 the Debtor, for unpaid electrical service and a portion of the deposit required by a
20 previous Order of the Court (the "APS Payment").

21 6. Prior to entry of this Order, Buyer asserted that the power screw conveyor to
22 the dust collector outside the Facility was stolen. Based on this representation, the parties
23 have agreed that the Purchase Price will be reduced by \$6,000.00 (the "Purchase Price
24 Reduction").
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1 7. Within seven (7) business days after the date that this Order is entered, the
2 Buyer shall: (a) pay the remainder of the Purchase Price (\$805,000 less the Rent Payment,
3 the APS Payment and the Purchase Price Reduction) to Debtor, less a \$50,000 hold-back
4 (the "Hold-Back Funds"), in certified funds payable to Mann, Berens & Wisner, LLP
5 ("MBW") to be deposited into MBW's trust account, and (b) deliver the Hold-Back Funds
6 to Greenberg Traurig, LLP ("GT") to be deposited into GT's trust account and disbursed
7 only in accordance with the terms of this Order. Upon receipt of the remainder of the
8 Purchase Price and the deposit of the Hold-Back Funds in GT's trust account, the Debtor
9 is authorized and directed to deliver the Assets to Buyer and to execute such documents as
10 may reasonably be required to evidence and effectuate the conveyance of the Assets to
11 Buyer.

12 8. Debtor shall take appropriate steps to ensure, at Debtor's sole cost and
13 expense, that electric and water utility services continue to be provided uninterrupted at
14 the Facility through February 29, 2008. If electric or water utility services to the Facility
15 are shut-off by the respective utility provider(s) on or before February 29, 2008 due to
16 non-payment by the Debtor, or for any other reason, Buyer shall be entitled to use the
17 portion of the Hold-Back Funds necessary to restore electric and water utility services to
18 the Facility through February 29, 2008. Any Hold-Back Funds advanced by Buyer to pay
19 for electric or water utilities for the Facility shall reduce the Purchase Price on a dollar for
20 dollar basis.

21 9. Debtor shall take appropriate steps to ensure that internet and telephone
22 utility services continue to be provided uninterrupted at the Facility through February 29,
23 2008, however, Buyer shall pay the cost of the internet and telephone utility services for
24 the Facility attributable to the period of time from January 9, 2008 through February 29,
25 2008. If internet or telephone utility services to the Facility are shut-off by the respective
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1 utility provider(s) on or before February 29, 2008 due to non-payment by the Debtor of
2 amounts due for services prior to January 9, 2008, or for any other reason, Buyer shall be
3 entitled to use the portion of the Hold-Back Funds necessary to pay any past due amounts
4 and restore internet and telephone utility services to the Facility through February 29,
5 2008. Any Hold-Back Funds advanced by Buyer to Debtor to pay past due amounts for
6 internet or telephone utility services for the Facility, for utility services provided prior to
7 January 9, 2008, shall reduce the Purchase Price on a dollar for dollar basis.

8 10. The fire sprinkler system ("FSS") at the Facility is connected to two spray
9 booths and the chemical storage room. Buyer will work with the Landlord and RCI (or
10 another properly licensed entity approved by the Landlord) to disconnect these items from
11 and secure the FSS and properly monitor the FSS during this disconnection. Buyer shall
12 be responsible for and shall pay the cost associated with this work without reduction to the
13 Purchase Price.

14 11. Buyer shall remove all Assets from the Facility on or before February 29,
15 2008. Buyer shall not be responsible for removing any paint, lacquer, chemicals or any
16 other hazardous materials from the Facility. Buyer also shall not be responsible for
17 removing any "homemade" wooden work benches from the Facility, although Buyer is
18 authorized by the Debtor to dispose of such property if Buyer elects.

19 12. Buyer shall cause any damage to the Facility that occurs as a result of
20 Buyer's removal of the Assets from the Facility to be repaired on or before February 29,
21 2008 and indemnify Landlord for the actual cost of repairing any such damage, to the
22 extent that such damage is not timely repaired by the Buyer. Buyer shall not be
23 responsible to Landlord or any other person or entity for: (a) removing any bolts that are
24 imbedded in the floor of the Facility; (b) removing any electrical conduit from the Facility
25 (although the Buyer shall tape and cap any exposed wires); or (c) repairing any holes or
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1 openings left in the structure of the Facility solely as a result of Buyer's removal of the
2 Assets (for example the openings left after the removal of the paint booths and dust
3 collector).

4 13. Within two (2) business days following the entry of this Order, the Debtor
5 shall deposit the sum of \$10,000 in MBW's trust account, as and for a cash bond ("Cash
6 Deposit"). Evidence of the Cash Deposit shall be immediately provided to the Landlord's
7 counsel by the Debtor's counsel. The Cash Deposit shall be used to secure Debtor's
8 obligations to: (a) remove all equipment and personal property from the Facility by no
9 later than February 29, 2008, (b) leave the Facility in a broom-clean condition, and (c)
10 cause no damage to the Facility as a result of the removal of equipment and personal
11 property at or from the Facility. The Cash Deposit shall remain in MBW's Trust Account
12 and shall not be used or disbursed absent either a stipulation by the Landlord and the
13 Debtor or further Order of this Court; provided, however, the Cash Deposit shall be used
14 and applied as provided in this Order prior to the application or use of any other deposit
15 that may have been provided under the Lease. The Debtor shall surrender possession of
16 the Facility to the Landlord on or before March 1, 2008. For purposes of the Cash Deposit
17 provided for herein, the Debtor shall leave the Facility, as of March 1, 2008, in a broom-
18 cleaned condition, with all equipment and personal property, including any signage, being
19 removed from the Facility by said date and without damage to the Facility that is or was
20 caused by the removal of equipment and personal property at or from the Facility.

21 14. Within two (2) business days following the entry of this Order, the Debtor
22 shall deposit the sum of \$10,000 in MBW's trust account, as and for a cash bond
23 ("Additional Deposit"). Evidence of the Additional Deposit shall be immediately
24 provided to the Landlord's counsel by the Debtor's counsel. The Additional Deposit shall
25 be used to secure the timely removal of all equipment and personal property from the
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1 Facility by no later than February 29, 2008, and the Debtor leaving the Facility in a broom
2 clean condition with no damage to the Facility due to the use or removal of equipment and
3 personal property at or from the Facility. The Additional Deposit shall remain in MBW's
4 Trust Account and shall not be used for any purpose absent either a stipulation by the
5 Landlord and the Debtor or a further Order of the Court. The Additional Deposit shall be
6 used and applied as provided in this Order prior to the application or use of any other
7 deposit that may have been provided under the Lease. The Debtor shall surrender
8 possession of the Facility to the Landlord on or before March 1, 2008, in a broom-cleaned
9 condition, with all equipment and personal property, including any signage, being
10 removed from the Facility by said date and without damage to the Facility.

11 15. Debtor shall immediately cause the Code for the Facility Security System
12 and the locks on all doors to the Facility to be changed to prevent any theft of the Assets.
13 The Debtor and Buyer shall split equally the cost of changing the locks on the Facility.
14 On or before March 1, 2008, the Debtor shall provide the Landlord with all keys and
15 codes to the Facility.

16 16. On or before March 10, 2008, Buyer shall provide Debtor and Debtor's
17 counsel with a final accounting of any uses of the Hold-Back Funds authorized by the
18 terms of this Order and cause the remainder of the Hold-Back Funds, if any, to be
19 deposited into MBW's Trust Account for the benefit of the Debtor.

20 17. This Order is and shall be binding upon the Parties and all persons and
21 entities, and govern the acts of all persons and entities with respect to the sale of the
22 Assets, including, without limitation, all filing agents, filing officers, title agents, title
23 companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative
24 agencies, governmental departments, secretaries of state, federal and local officials, and
25 all other persons and entities who may be required by operation of law, the duties of their
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1 office, or contract, to accept, file, register, or otherwise record or release any documents
2 or instruments, or who may be required to report or insure any title or state of title in or to
3 any of the Assets; and, each of the foregoing persons and entities is hereby directed to
4 accept for filing any and all of the documents and instruments necessary and appropriate
5 to consummate the transactions contemplated by this Order.

6 18. The Buyer is a good faith purchaser of the Assets and is entitled to all
7 protections afforded a good faith purchaser pursuant to Bankr. Code Section 363(m).

8 19. This Order is final, appealable and shall be effective and enforceable
9 immediately upon entry notwithstanding Rules 6004(h), 6006(d), 7062, and 9014 of the
10 Federal Rules of Bankruptcy Procedure; and, the Debtor is hereby authorized to close the
11 sale to Buyer immediately upon entry of this Order.

12 20. This Order shall be binding in all respects upon the Debtor, its estate, all
13 creditors of, and holders of equity interests in, the Debtor (whether known or unknown),
14 any holders (whether known or unknown) of liens, claims, encumbrances or interests of
15 any kind or nature in and to the Assets, all respective successors and assigns of the Buyer
16 and the Debtor and their respective affiliates and subsidiaries, including, in the case of the
17 Debtor, any trustee subsequently appointed in the Debtor's chapter 11 case or in any
18 subsequent chapter 7 case for the Debtor. This Order shall survive any dismissal of the
19 Debtor's chapter 11 case or any conversion of this chapter 11 case to a chapter 7 case for
20 the Debtor. This Order, and all other documents and instruments to be executed and
21 delivered by the Debtor in connection therewith, shall inure to the benefit of the Debtor,
22 its estate, its creditors, and the Buyer and each of their respective successors and assigns.

23 21. Debtor's counsel is authorized to and shall pay Premiere Hardwoods, LLC
24 \$3,500.00 from the sales proceeds, within ten (10) days of the Debtor's receipt thereof.
25 The check can be made payable directly to Premiere Hardwoods, LLC and delivered to
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1 Janessa E. Koenig, Esq. at Jaburg & Wilk, P.C. The balance of Premiere Hardwoods'
2 claim in the principal amount of \$3,446.38 shall be an allowed administrative claim.

3 22. After the payment of all costs and expenses of sale, but no later than March
4 31, 2008, the Debtor shall pay the remainder of the sale proceeds to the Bank.

5 23. The Court shall retain exclusive jurisdiction to enforce the terms of this
6 Order and any disputes among the Parties regarding the sale of the Assets and related
7 matters.

8 **SIGNED AND DATED ABOVE**
9 **HON. CHARLES G. CASE II**
10 **U.S. BANKRUPTCY JUDGE**

11 **APPROVED BY:**

12 Mann, Berens & Wisner, LLP

13 By _____
14 Robert Berens

15 Attorneys for Portella Manufacturing, LLC

16 Greenberg Traurig, LLP

17 By _____
18 Todd A. Burgess

19 Attorneys for Great American Group

20 Jaburg & Wilk, P.C.

21 By _____
22 Janessa E. Koenig

23 Attorneys for Premiere Hardwoods, LLC
24
25
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MARISCAL, WEEKS, McINTYRE
& FRIEDLANDER, P.A.

By _____
William Novotny

Attorneys for COP-Deer Valley, LLC

Poll & Ball, P.L.C.

By _____
James B. Ball

Attorneys for Stearns Bank Arizona, NA

1 **APPROVED BY:**

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4 By 
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6 Greenberg Traurig, LLP

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8 By _____
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10 Jaburg & Wilk, P.C.

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12 By 
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13 Attorneys for Premiere Hardwoods, LLC

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James B. Ball

Attorneys for Stearns Bank Arizona, NA

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APPROVED BY:

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By _____
William Novotny

Attorneys for COP-Deer Valley, LLC

Poli & Ball, P.L.C.

By _____
James B. Ball

Attorneys for Stearns Bank Arizona, NA

EXHIBIT A

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GRANTED

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Exhibit "A"

Subject to the limitations stated in the Sale Order, the "Assets" include, but are not limited to, the following:

- 1 2006 SCMI Super Set Class Moulder, HSK Spindles, S/N AB/177855
- 1 2005 SCMI Model M3 Rip Saw, S/N AB/168992
- 1 2006 Striebig Model 5207 Panel Saw, Vertical Compact S/N 37001
- 1 2006 OMGA, Model RN700PM "US" Radial Arm Saw, S/N 01-303693
- 4 Milwaukee Cut-Off Saws
- 1 2004 Northtech Model NT10173XL T Shaper, S/N 040253
- 1 2006 Black Bros. Model 775 SPR Top & Bottom Glue Spreader Narrow Machine, S/N 333259
- 1 2006 Black Bros. Model APPRL 4X11 80 Psi Pod Press Motorized, S/N 333258
- 1 2006 Black Bros. Model APPRL 4X10 80 PSI Pod Press S/N 333257
- 1 2006 Winter Model DSG150 Eco Kerfsaw System, S/N 205T12
- 1 Shop Fox Portable Dust Collector
- 1 2005 Northtech, Model NT-610XL Planer
- 1 2003 Doucet Model DE 10.532 Clamp Carrier, 32 Sections S/N 2006-03-280
- 1 2005 Ingersoll Rand A/C, 40 hp.

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- 1 2006 Protech Model PT-7 Radias Arch System w/Clamps
- 1 2003 Doucet Model GS 13-8-8 Glue Coater, 13", S/N 7006-03-283
- 1 Whirlwind Model 212 Saw
- 1 2006 Northtech Model NTEV-920PC Sander, 36" Belt Planer
S/N 060212
- 1 Dewalt Saw
- 1 2006 SCMI Model SI300S Sliding Table Saw
- 1 2005 SCMI Model T-130NPS Shaper w/Feed Stock,
S/N AB-172054
- 1 2004 Northtech Model NT-735-10 Shaper, S/N 040332
- 1 2005 Northtech Model NT-J1696 HC-73 Jointer
S/N J1680078-05
- 1 2005 Powermatic Saw
- 1 2006 Northtech Model HB600A V-Band Saw, S/N 10995
- 1 2006 Crouch Ritter Model CR258 Sander
- 1 2006 Powermatic Model 720HD Hollow Chisel Mortiser
- 1 2006 Ritter Model R8043 Borer-Horizontal, S/N 2156
- 1 2006 DMC Model UNISAND Sander, 53" Belt, S/N SA/005 437
- 2 2006 Omga Futura Model ECO3520 Door Clamps-Hydraulic

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Portella Doors
Exhibit A
Page 3

- 1 2006 Ritter Model CR376E Edge Sander/Shaper, S/N 139
- 1 Doucet Power Return Conveyor
- 1 2006 Morbidelli Model AuthorX544EVO CNC Router
5-Axis, Tool Changer, S/N AL/008143
- 1 2006 KVAL Model 920-C Strike Jaw Routing Machine
S/N 06-64154
- 1 2006 KVAL Model Commandor, Pre-Hang Machine
w/MDA 3-Door Pre-Hang Machine, S/N 06-64154
- 1 2005 Powermatic Table Saw
- 1 2006 Omega Model TR2BN "NC" MM 3500US Double Miter Saw,
Extra Length, CNC, S/N 01-303898
- 1 2005 Powermatic Table Saw
- 1 2005 Northtech Model HV-121 Jointer, S/N J1270039805
- 1 2004 Northtech Model NT-101-73-XLT Shaper w/Maggi Stock
Feeder, S/N 040255
- 1 Doucet Single Side Clamp Rack
- 3 Donray Model 85120 Dust Booths, S/N's 471622, 471620, 471621
- 1 Ingersoll Rand A/C, 40 HP
- 2 Spray Booths
- 1 Chemical Storage/Mixing room

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- 1 2006 Ford F450 XL Super Duty Utility Truck, 46,488 Miles
- 1 2005 Nissan Forklift, 5,000lb, LPG, 3-Stage
- 1 Foley Model 75-12 Profile Grinder
- 1 2005 Whirlwind Model 212 Saw
- 1 Murphy Rogers Dust Collection System
- 1 2006 Mikon Model M645 Multi-Moulder

Pallet Racking, Conveyors, Carts, Fans, Cabinets, Palm Sanders, Portable Lights, Racks, Power Tools, Tools, Office Furniture, (13) Notebook and Desk Top Computers, Monitor's, Computer Server Equipment and Rack, Flat Screen TV, Lunch Room Furniture, Frig, Microwaves, Printers, All Work In Process In Factory, Finished Inventory In Factory, Wood Inventory, Parts, Hardware, Example Hardware, Generator, Tooling, Printers, Desks, Leather Chairs, Phone System, Video System, Showroom Inventory & Furniture, Tables, Pallet Jacks, Dust Collector, and all related items located on the premises.

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EXHIBIT B

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GREAT AMERICAN GROUP

Via Electronic Mail

December 7, 2007

Mr. Michael Medina
Vice President
Portella Custom Entries and Doors
21430 North 15th Lane
Suite 126
Phoenix, AZ 85027

RE: Auction Proposal

Dear Mr. Medina,

Thank you for the courtesy extended to me on Wednesday during my inspection of Portella Custom Entries and Doors (Portella) located at 21430 North 15th Lane, Suite 126, Phoenix, AZ. Please accept this correspondence as Great American Group's ("GAG") formal proposal. We greatly appreciate this bid opportunity and sincerely hope we will be able to provide auction and liquidation services on the Company's behalf.

For your convenience, this proposal has been broken down into five parts:
Compensation, Guarantee Offer, Cash Offer, Project Objective, and Conclusion.

Compensation

Commission Structure with Expense Reimbursement

GAG would conduct the sale on behalf of Portella. The fee structure would be as follows: GAG will charge an industry-standard 10% Buyer's Premium that is charged to all auction purchasers (online bidders will be charged 15%). Under this structure we request reimbursement for direct sale related expenses. The expenses would be capped in our contract, advanced by our firm, passed on by invoice and then ultimately subtracted from the proceeds of the sale. We estimate the expenses to be \$43,500 which includes all advertising, postage, email blasts, travel, lotting, internet bandwidth, personnel, accounting, cashiers, set up, and check out of all items.

Guarantee Offer

GAG will guarantee \$725,000 for all machinery, equipment, forklift, Ford F-450 XL truck, tooling, racking, material, offices, computers and related items located throughout the premises. The next \$43,500 in proceeds will be retained by GAG for expenses. All proceeds over and above \$768,000 will be split on a 90/10% basis, with the greater share retained by Portella. GAG will charge an industry-standard 10% Buyer's Premium that is charged to all auction purchasers. The guarantee amount will be funded to Portella (21) days prior to the auction sale.

Cash Offer

GAG will offer in cash, \$805,000 for all machinery, equipment, forklift, Ford F-450 XL truck, tooling, racking, material, offices, computers, and related items located throughout the premises.

Project Objective

Pre-Auction (Step 1)

GAG will market and advertise diligently to over 35,000 wood working companies in Arizona, California, Nevada, New Mexico, Colorado, Texas, Oklahoma, Kansas, and Utah with a 6 page full color brochure. In addition, as well as various US wood working facilities, alternative industrial entities and equipment dealers to find purchasers that will ultimately reutilize the machinery, equipment, rolling stock, warehouse items of Portella. Our email database contains over 200,000 current and past purchasers from our auctions and liquidations around North America. In addition, we utilize our state-of-the-art SIC mailing lists, designed to reach target machinery and equipment purchasers in the woodworking industry nationally and Canada. GAG will also advertise in the Classified Exchange and various news papers in the Phoenix area.

Auction (Step 2)

It would be our proposal to liquidate the machinery and equipment of Portella through a one day auction sale. We would offer both live, on-site bidding, as well as simultaneous participation over the internet via Webcast to increase worldwide bidding. Webcasting the sale using our proprietary software expands the buying audience, increases bidding, and thus raises bottom-line results. We would dedicate one of our seasoned Auction Supervisors along with GAG's professional support staff to coordinate all cataloging and lotting of assets for sale. Auction set-up would commence three weeks prior to the auction date. The team would also be responsible for the supervision of collateral removal and have all equipment removed approximately 10 days after the auction sale.

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Post-Auction (Step 3)

After the auction concludes, we will prepare all proper reconciliation documentation. Reporting includes detailed auction results and full back-up of expenses. You will receive a complete settlement package for your records. GAG's trained support staff will also be available to answer any questions you may have regarding the reports. Final settlement and reporting will be delivered no later than 21 days after the auction sale.

Conclusion

We are confident about our strategy and ability to create a custom auction event for Portella. Furthermore, with our years of experience and team of seasoned professionals, we will conduct this auction sale in a manner that will meet or exceed your expectations.

We estimate that the sale will bring between \$860,000 and \$975,000. The equipment is very desirable and will attract many buyers who will pay top dollar for such modern machinery.

Please feel free to contact me directly if you have any questions or would like to discuss our proposal in greater detail. We are extremely excited about this opportunity and look forward to hearing from you at your earliest possible convenience.

Thank you again for your time and consideration.

Regards,



Roy Gamityan
Senior Vice President
Wholesale & Industrial Services

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